

**Appendix 1: Google's New Zealand News page,
June 27 10.30am. 15 of 20 stories from NZMEFF**

News

New Zealand edition ▾

Classic ▾

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Top Stories

News near you

Suggested for you

World

New Zealand

Hamilton

Nigeria

Lower Hutt

Puhoi

Mike Hosking

Whangamata

Imperial Brands

Newshub

Auckland

North Island

Business

Technology

Entertainment

Sports

Science

Health

More Top Stories

Spotlight

New Zealand

At least three Moko rallies to take place in Bay

New Zealand Herald - 1 hour ago

At least three separate rallies will take place simultaneously in Hawke's Bay today amid a nationwide mobilisation coinciding with the sentencing of a couple over the death of 3-year-old Moko Rangitoheri.

Pair to be sentenced for manslaughter of child Radio New Zealand
Moko's mother tells killers they are 'evil, monsters' TVNZ

In Depth: Moko: Hit, kicked, thrown, bitten, stomped and smothered — but prosecutors can't prove couple murdered the boy Stuff.co.nz
See realtime coverage »

School Report: Take a kid's eye view

Stuff.co.nz - 10 hours ago

Guy Williams got a special insight on life as a six-year-old thanks to Charlotte Chambers from Auckland's Swanson School. Today, Stuff relaunches its popular School Report site.



Māori Television



Stuff.co.nz

Police continue search for vehicle linked to horror crash

New Zealand Herald - 4 hours ago

Police continue to appeal to the driver of a vehicle who may help piece together the circumstances of a horror car crash that left four people dead, to come forward.

'Jigsaw' of movements prior to crash that killed four young people Stuff.co.nz

Police want to speak with woman driving red car who stopped at scene of horror Waikato smash TVNZ



Stuff.co.nz

Most Popular

Military shell found in Otago Harbour
Scoop.co.nz (press release) - 13 hours ago

Police car returned in Whangamata
New Zealand Herald - 21 hours ago

Man arrested after gun fight in Greymouth
TVNZ - 12 hours ago

Black Power motorcyclist killed in Puhoi on way to tangi
Stuff.co.nz - 19 hours ago

High winds blow over truck-trailer on SH5 north of Napier
TVNZ - 21 hours ago

\$14.5m redevelopment for Clayton Park School, Auckland
Scoop.co.nz (press release) - 1 hour ago

Wet and windy start to the week
Stuff.co.nz - 2 hours ago

School Report: Take a kid's eye view
Stuff.co.nz - 10 hours ago

Matt Heath: Broadcasters are the ones you love to hate
New Zealand Herald - 5 hours ago

Police continue search for vehicle linked to horror crash
New Zealand Herald - 4 hours ago

[See realtime coverage »](#)

Lucky escape for mother, two children in Dunedin house fire

New Zealand Herald - 42 minutes ago

Fire engulfs part of a house in Severn St, Mosgiel. Photo: Supplied / Otago Daily Times. A mother and her two children escaped injury in a house fire in Mosgiel, Dunedin last night by getting out quickly, Mosgiel fire station officer Steve Turnbull ...

High winds blow over truck-trailer on SH5 north of Napier

TVNZ - 21 hours ago

Police are urging motorists travelling between Napier and Taupo to drive carefully after high winds blew over a truck's trailer on State Highway Five.

Heavy rain for much of country Otago Daily Times

High winds in Hawkes Bay - Trailer blocking one lane SH5

Scoop.co.nz (press release)

[See realtime coverage »](#)

Wet and windy start to the week

Stuff.co.nz - 2 hours ago

The North Island in particular can expect a wet and windy start to the week. The low pressure system will continue to bring wet weather to most of the country until Tuesday, according to MetService.



Stuff.co.nz

As one low departs, another arrives

Scoop.co.nz (press release)

Another week, another low - Your 3 Day Weather Highlights WeatherWatch.co.nz

[See realtime coverage »](#)

Delays on Southern Motorway after crash

New Zealand Herald - 1 hour ago

A photo tweeted by NZTA shows one of the cars involved in the accident across the lane, its nose into the centre barrier. Photo: NZTA/Twitter.

Ombudsman Ron Paterson cuts short five-year term as office deals with investigations backlog

Stuff.co.nz - 1 hour ago

Ombudsman Ron Paterson has cut short his five-year term, making an early departure as the office struggles with a backlog of investigations dating back as far as six years.

Ombudsman resigns two years before term ends
Newstalk ZB



Stuff.co.nz

Tobacco company's bid to stop plain cigarette packaging falls on deaf ears

TVNZ - 5 hours ago

A bid to stop plain cigarette packing in New Zealand appears to have fallen on deaf ears, as the government remains unfazed by Imperial Tobacco's claims it'll fight to protect its brand.



Radio New Zeala...

Govt plans to remove branding despite threats
Radio New Zealand

South Canterbury DHB wants tough stance on tobacco plain packaging

Timaru Herald

See realtime coverage »

Stolen cop car: Driver and partner had switched seats

Stuff.co.nz - Jun 25, 2016

A passenger in a car pulled over for speeding nipped out and stole the cop's car in Whangamata on Saturday night, leaving his partner to face the music.



Stuff.co.nz

Police car returned in Whangamata
New Zealand Herald

Police searching for driver who stole police car
Radio New Zealand

See realtime coverage »

Leaky school with asbestos to get \$14m to redevelop

Radio New Zealand - 16 hours ago

The government is putting \$14 million into the redevelopment of an Auckland primary school that has had years of chronic problems with mould and asbestos.



Radio New Zeala...

\$14.5m redevelopment for Clayton Park School, Auckland

Scoop.co.nz (press release)

Government announces \$14.5 million redevelopment for school
New Zealand Herald

See realtime coverage »

Black Power motorcyclist killed in Puhoi on way to tangi

Stuff.co.nz - 19 hours ago

A Black Power gang member died while riding a motorbike the wrong way down State Highway 1 north of Auckland, colliding with oncoming traffic at Puhoi.

Police seek witnesses to Puhoi fatal crash

Scoop.co.nz (press release)

Police seek witnesses to fatal Puhoi crash Newstalk ZB

See realtime coverage »



Stuff.co.nz

New Zealand, Australian hostages kidnapped in Nigeria released, several injured

Stuff.co.nz - 2 hours ago

MFAT has confirmed that the man is now safe after the hostage situation unfolded last week. A New Zealander and three Australians kidnapped in a deadly attack in Nigeria have been rescued, four days after being taken hostage by gunmen.



Stuff.co.nz

Security forces rescue 3 kidnapped foreigners in Nigeria New Zealand Herald
New Zealander kidnapped in Nigeria attack has 'non life-threatening' injuries TVNZ

Highly Cited: Australian, New Zealand workers kidnapped in Nigeria released, Macmahon Holdings says ABC Online

From Australia: Kidnapped Australians in Nigeria set free The Australian

See realtime coverage »

Defence Force spread far and wide with biggest number of personnel overseas in years

TVNZ - 3 hours ago

2/1st Battalion of the Royal New Zealand Infantry Regiment conducts urban warfare training at Burnham Military Camp near Christchurch.



Newstalk ZB

Number of Deployed NZDF Personnel Hits Record High Scoop.co.nz (press release)

Record number of Defence Force staff deployed abroad [Newstalk ZB](#)

[See realtime coverage »](#)

NZ seeks post-Brexit trade meeting

[Newstalk ZB](#) - 18 hours ago

Trade Minister Todd McClay is seeking meetings about Brexit with his counterparts from the European Union and Britain at a G20 trade ministers meeting in China to which New Zealand has been invited.



[Newstalk ZB](#)

[Trade Minister seeks Brexit meetings](#)

[Scoop.co.nz](#) (press release)

[NZ already hammering UK, EU over trade](#) [NZcity](#)

[See realtime coverage »](#)

Car hits pole in Lower Hutt; driver flees

[NZCity](#) - 14 hours ago

The driver of a car that took off from a police stop in Lower Hutt has taken out a power pole and fled on foot. 26 June 2016. Police are looking for the driver of a Nissan Pulsar who sped away from a police stop in Lower Hutt and hit a power pole.



[The Dominion Post](#)

[Car brings down power pole in Lower Hutt, driver runs away](#) [Scoop.co.nz](#) (press release)

[Car vs pole Epuni, Lower Hutt](#) [New Zealand Police](#) (press release)

[See realtime coverage »](#)

Matt Heath: Broadcasters are the ones you love to hate

[New Zealand Herald](#) - 5 hours ago

I like the muppet Hosking (left). I like the way he wobbles his head. Photo / Jason Oxenham. So there's a petition to get Mike Hosking off TVNZ.



[Radio New Zeala...](#)

[An opinionated host sparks a public backlash - but not from bosses or sponsors](#) [Radio New Zealand](#)

Registration time: who pays the most dollars for dogs?

[Stuff.co.nz](#) - 47 minutes ago

Wellington dog owners pay the most when it comes to registering their dogs with the council. It's registration time for man's best friend and Wellingtonians are paying more



than anyone else for the pleasure of their canine companions.

Heavy rain for the Wellington region The Dominion Post

Growing up as a Kiwi kid — Sophie's story Age 5

Stuff.co.nz - 10 hours ago

My name is Sophie, I am five years old, and today is my first day of school. I live with my mum, dad, and baby brother. Before starting school, I went to kindergarten.

High turnover of staff in National MP's office and claims of bullying

Stuff.co.nz - 15 hours ago

National MP Paul Foster-Bell denies being a bully following claims from a former staffer that he is. A former staffer in National MP Paul Foster-Bell's office has accused him of being a "bully".



Stuff.co.nz

MP travel & accommodation: Wellington's biggest spenders Newshub

See realtime coverage »

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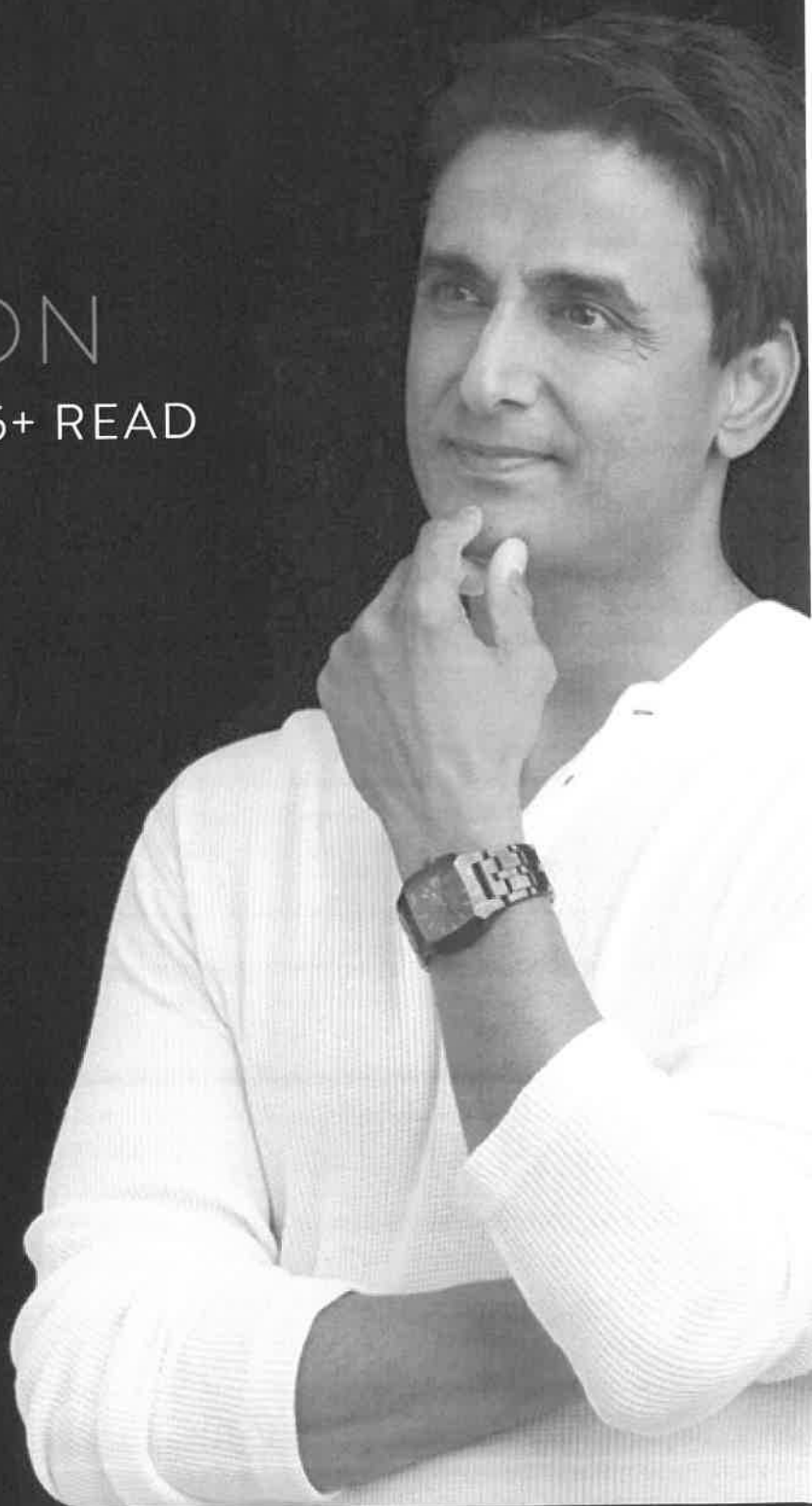
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Appendix 2: Nielsen Media Trends 2015, Newspaper readership

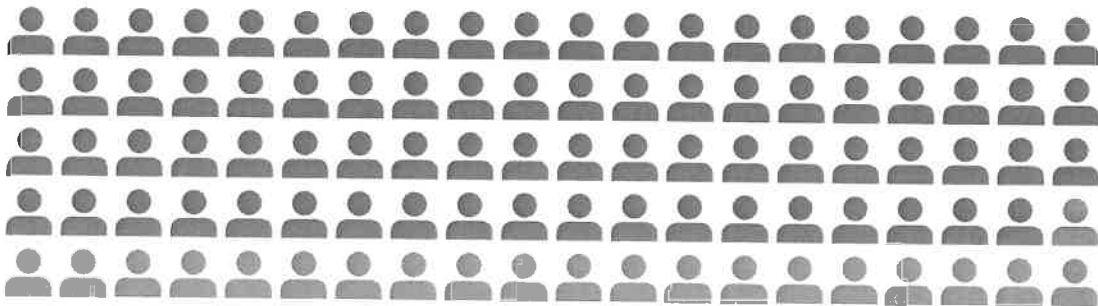


EACH WEEK
2.8 MILLION
NEW ZEALANDERS 15+ READ
A NEWSPAPER

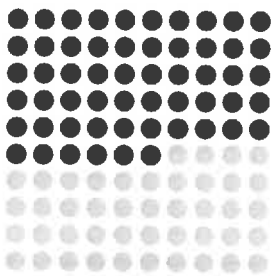




79% OF NEW ZEALANDERS READ A NEWSPAPER ACROSS A WEEK

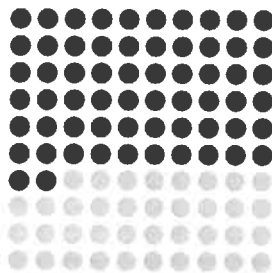


56%



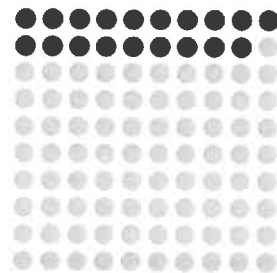
DAILY

62%



COMMUNITY

19%



SUNDAY

Appendix 3: REDACTED

Appendix 4: REDACTED

**Appendix 5: Commentary by Matthew Horton on
Merger, National Business Review**

Matthew Horton Matthew Horton on why the Fairfax-NZME merge won't work for readers

Matthew Horton Matthew Horton on why the Fairfax-NZME merge won't work for readers, or the companies themselves

APN and Fairfax's application to create New Zealand's first newspaper monopoly should be rejected. They have hidden an audacious bid to obliterate competition in the print market under a blanket of gripes about online media but their application would forever remove any plurality in what is still the most influential medium in this country. It would also probably doom those papers' chances of ever successfully adapting to digital media as the removal of competitive pressure lulled managers into a continuation of their so-far failed strategies to yield online profits.

APN and Fairfax know full well that their combination fails just about every natural test of maintaining a competitive market. That's why they've applied for an authorisation as a fallback to the clearance they almost certainly won't get. According to the application, the internet has destroyed the publishers' business models and left them squeezed between its dominant players – Facebook and Google – and low-cost digital natives. As a result, they posit that the only viable position is to produce quality editorial content which they then claim is only possible by achieving efficiencies of scale. Furthermore, they argue there is little overlap between the two based on historical analyses and therefore no substantial lessening of competition in any event. The problems with the 129-page argument are the following inconvenient truths: News consumers have not deserted their traditional sources of current affairs news and information. In fact, all the evidence suggests they are just as wedded to them as ever.

Advertisers don't see all media as a homogeneous mass of direct substitutes. Indeed, the mere fact that any traditional media still remain 20 years after the internet's emergence proves that advertisers prefer individual platforms for particular jobs. Equally, consumers don't consider all media are created alike either. They do different jobs for different segments. To claim the primary providers of NZ-specific news and information compete with and are constrained by a limitless set of online alternatives is akin to suggesting a beer drinker should be ambivalent whether their next drink is brewed, fermented or distilled. Lastly, the media world of today does not take its current form because of some sort of uncontrolled emergence from the primordial ooze of traditional media. It does so because the incumbents have chosen how to compete with new entrants online. Just because their decisions have been mostly bad, as it turns out, it doesn't mean that they are merely roadkill in-waiting beside a digital highway traversed by international juggernauts like Facebook and Google. They can control their future and don't need a merger to do it. Printed newspapers are not racing to extinction at nearly the pace they are believed to be.

Research just released in Australia shows that newspapers remain the most popular platform for news media in that country with 76% of the adult population picking up a copy. That compares with 72% of the same population consuming news through digital platforms. Newspapers still control the daily agenda. They maintain the largest newsrooms of any media and, as such, provide the most comprehensive coverage of the events of the day. News broken or opinions aired in the morning newspapers set the agenda for the biggest radio format by audience – talkback – and lay the foundations for that night's TV news. Along the way they become the lightning rods for comment and discussion in social media. It is also notable that the biggest news websites in New Zealand are not only owned by newspaper publishers but largely follow their physical distribution footprints. Readers of nzherald.co.nz are more likely to come from Auckland and the upper North Island, where the Herald mainly distributes, whereas the audience of stuff.co.nz reflects the distribution of Fairfax's newspapers in the lower North Island, Wellington and the South Island. Newspapers are still the main game when it comes to profitability, too.

A visitor to NZME's new headquarters in Auckland cannot but be struck by the effort that company is making to orient its entire business toward digital. Every aspect of the operation – print, radio and online – is being split into content “verticals” which are then shaped into the best manifestation for a particular media. With all that focus on digital, you'd think that revenue and profits are following – but they're not. Print revenues still make up about 60% of NZME's revenues and profits whereas digital media contributes about 10% of that company's top line. Radio makes up the difference. Sure – digital is growing whereas print is not but it's mainly growing in search and directories – where APN and Fairfax are not. Neither are they in the fastest growing and newest segments of digital media which are social media and mobile. According to the application, digital media is dominated by international giants like Facebook and Google who collectively account for 50% New Zealand's online advertising spend. When you consider this as well as the futility of APN's and Fairfax's efforts to date, you have to wonder they bother at all let alone merge.

The Commerce Commission has traditionally commenced its decision making process with analysis that splits most media into “two-sided” markets that serve consumers with news and information and businesses with advertising services. The consumer side has been carved up into finer segments over the years and now distinguishes between media that provide local news and information and metropolitan media that provide mainly national and international news. These distinctions have allowed APN, Fairfax and their predecessors to march into most of regional New Zealand over the years, buy the local titles on the basis that their regional nature doesn't compete with their new metropolitan overlords and create a duopoly. The commission therefore views most media as separate but complementary competitors whose powers to exploit consumers and advertisers are offset by countervailing forces such as non-substitutable media or the potential of new entrants. What has worked in the past will work again, it seems. The applicants rely heavily on the commission's increasingly casual approach to these distinctions to claim there is no material overlap. They lean on the carefully calibrated differences between types of media (such as community, regional and metropolitan newspapers) to say the pair only compete at the margins in places like Hamilton where they both own community titles and in the Sunday market. APN and Fairfax also admit to online competition but defend that on the basis the pair face such a plethora of competitors ranging from international behemoths to local bloggers that even a combination hardly improves their competitive position.

Consider the Auckland market where the parties claim there is no overlap based on the traditional view that the Herald's provision of national and international news doesn't compete with the local news provided by Fairfax's stable of community newspapers. While that distinction holds somewhat true, there is also a fair argument to suggest the Herald is actually a provider of local news and information to the Auckland community and therefore does compete with the community papers. That point is supported by the Herald's distribution, primarily in Auckland and surrounds. It has virtually no sales south of Taupo or in the South Island where The Press and Otago Daily Times dominate despite their kindred characterisation as metropolitan newspapers. A more compelling point comes from advertising where the Fairfax suburbans compete vigorously with the Herald in the Auckland market.

The best evidence of this is real estate advertising, the largest single segment of ad revenue for both companies. Advertisers choose to advertise in one or the other largely on their analysis of the titles' effective reach into particular areas. They could easily switch between either provider according to the offer. This is also true of other advertisers, particularly national retailers, who have increasingly deserted the Herald as its coverage of Auckland readership declines and jumped ship to the freely distributed community titles. If old and new were completely substitutable, real estate advertisers would have fled to the cheaper online alternatives by now. Classified advertisers have already done so to the extent that Trademe is now regarded as a mature business. But the fact that real estate advertisers haven't proves print continues to provide a unique service best suited for a particular job. In this case, agents feel print gives them better exposure to potential house sellers and therefore attracts listings. Real estate internet sites, on the other hand, tend to be used more by house buyers. The forgotten element of the commission's formal analysis is potentially the most powerful argument against the merger – the

countervailing force provided in the form of potential market entry by a new competitor— one of sufficient scale to actually pose a real threat to the incumbents. This test has been largely ignored in the Commerce Commission's most recent media considerations. It has casually accepted applicants' previous assertions that there are low hurdles to starting a community paper or an internet blog and used such assurances to justify APN and Fairfax's creeping annexation of regional publishing.

But it has not always been this way. In the commission's 1996 decision to reject The Radio Network's bid for Radio Fifehire, then chairman Alan Bollard noted several frequencies were available to potential radio entrants. However, more careful examination revealed a viable entrant would have had to establish several stations – not just one – to effectively compete with the merged entity and that it would have struggled to achieve an acceptable return on investment even if it had been possible to do so.

“Given these parties [new entrants] would encounter considerable start-up costs, and would compete with parties having experience, expertise, reputation and economies of scale, it appears unlikely that such an entrant would be successful.”

The decision said the merged entity would have controlled 99% of the Nelson radio market – clearly a daunting prospect for any potential entrant – and noted concerns by existing competitors that the combined entity would be able to offer heavily discounted advertising bundles with which they could not compete. It also noted advertisers' concerns that the monolithic nature of the proposed TRN/Fifehire merger would give them little bargaining power and that they would lose their current freedom to “pick and choose” between the two existing players. The commission reiterated this approach a year later when it rejected TRN's bid for Christchurch station c93FM. These situations have obvious parallels with the proposed merger of NZME and Fairfax's print assets in Auckland if not throughout New Zealand. The combination of the Herald and Fairfax's community network would probably account for more than 80% of all high-frequency print advertising in the region – and that's counting every small community newspaper and ethnic title that wouldn't even rate as competitors in most analyses. The chances of a new entrant emerging is not even within the realms of imagination. The incumbency of the Herald, which has seen off every print challenger since the Auckland Star closed in 1991, flanked by the formidable scale of the community network, would present an insurmountable hurdle. The challenge represented by independent sources of news online is equally negligible. The notion that bloggers or small, independent groups will ever achieve sufficient scale to challenge the might of the newspapers' print or online assets is nothing more than a fanciful figleaf advanced by APN and Fairfax.

Nielsen research to December 2015 shows nzherald.co.nz and stuff.co.nz are the two largest news and information websites (depending on the characterisation of the Microsoft site). In fact, the only sites that rank ahead of them are Google (search), Microsoft and related services sites (MSN/Outlook/Bing/Skype), Facebook (social) and Youtube (video). Even TVNZ nor Mediaworks, with significant news-gathering resources, don't rank among the top 10 sites in New Zealand. Fairfax and APN's line that rationalisation – a key reason for the merger – would “enable them to invest in better quality journalistic content and greater breadth of coverage” seems unlikely when one considers where the cost benefits of merging would actually come from. APN and Fairfax have already merged their printing and distribution north of Taupo and don't physically overlap much south of that point. APN's titles in the Hawke's Bay, Bay of Plenty, Masterton and Wanganui are already printed by a third party and Fairfax has no choice but to go it alone in Wellington and Christchurch where it is the only player.

Other than some head-office costs, which can't be great because they are both managed as subsidiaries of their Australian parents, it's hard to see where most of the savings would come from other than the sales and editorial functions. No doubt the merged entities would rationalise sales staff as they try the perennially failed strategy of cross-platform selling yet again. But the main game must surely be editorial cuts. Onlookers who wonder what the real scale of loss will be only need ponder current public opinion about the merger. Judging by current media

coverage, it seems to be somewhere between ambivalence and utter apathy. But that is not because papers are irrelevant, suddenly unloved or because the reasons for the merger are so overwhelming. It is because neither of the major players have entertained any objection or discussion of it in their printed pages for the quiet reflection of their readers. The only voices to be heard in dissent have been banished to the backblocks of the blogosphere – the very place that supposedly threatens newspapers' existence so potently. Sell them off to Kiwis If the merger is to go ahead at all, it should only be after the parties divest assets of sufficient scale to support a second operator in some significant form. If that doesn't appeal, APN and Fairfax have other choices about how to manage their assets if they feel there is no future as independents. Returning the papers to their original roots of diverse, local ownership would be a good start.

Matthew Horton is chief executive of Horton Media and a member of the family that owned the NZ Herald up to 1996.